

1 that otherwise may not be permissible between two broadcast
2 licensees because it was designed to allow the policy to
3 succeed. And without this connection where you could permit
4 majority multiple-owner broadcasters from assisting and help-
5 ing minority entities, it wasn't going to succeed, and that's
6 what I understood.

7 Q Now, the question I want to ask you again, and I
8 want to, I want to make sure the record's clear, did you --

9 A I'm trying, Mr. --

10 Q Did you --

11 A -- Cohen, to be responsive.

12 Q Yes. Did you believe that the use of the word
13 "cognizable" meant that Paul Crouch or TBN could lawfully
14 exercise "actual working control" as that term was used in
15 Section 73.355 of the Commission's Rules?

16 A Where -- could you point me to where "working
17 control" is referred in --

18 Q Yes. Note 1. "The word 'control' is used
19 herein..." -- "...as used herein is not limited to majority
20 stock ownership but includes actual working control in what-
21 ever manner exercised.

22 A Mr. Cohen, I, I thought I described to you that my
23 understanding of this is that the control and ownership ques-
24 tion are essentially the same as defined specifically in the
25 Rule, and that's -- what it's -- so, I guess, in one sense I

1 considered that and felt that in fact they could do these
2 things as long as National Minority was conducting its affairs
3 as it was supposed to in its own right.

4 Q Well, now, I'm having trouble following your logic.
5 Now, are you agreeing with me that "cognizable" doesn't mean
6 -- strike that. Is it your -- was it your view that -- strike
7 that.

8 What was your understanding of the word "cognizable"
9 as you were using the word? What, what did "cognizable" mean?

10 A A recognized active role, and that would essentially
11 be assessed against the group owner.

12 Q Could that -- are you, are you, are you telling me
13 that Paul Crouch could be active, then, in the affairs of
14 NMTV? Is that correct?

15 A Yes, sir.

16 Q Okay.

17 A He was the President and a Director.

18 Q Are you also telling me that Paul Crouch could
19 exercise de facto control over NMTV lawfully?

20 A He had to go through his Board of Directors and they
21 had to do the things that were required for companies to
22 conduct their affairs.

23 Q Listen to the question. The word "de facto control"
24 is a term of art that has 50 years of precedent. Now, are you
25 suggesting -- I'm asking you whether Paul Crouch could

1 exercise de facto control over NMTV lawfully?

2 A No. He, he has to conduct himself as the President
3 and the Director of the company. But the things that he is
4 entitle and enabled and empowered to do as Director and
5 Officer of the company are the things that you're here today
6 telling me mean that this is a de facto control situation.
7 And what I've tried to make as clear as I possibly can is that
8 I didn't consider the de facto questions based on what I read
9 and what I advised these people, because I thought there was
10 effectively an exception under which they would allow a very
11 close "cognizable" interest to exist between the two. And,
12 so, then based on that I gave the advice I did and set in
13 motion all the affairs that I, I suppose bring us here today.

14 Q Okay. I, I think the record's as clear as it's
15 going to be. My question now is did you prepare any analysis,
16 written analysis to support the views that you have described
17 to us this aft-- this morning?

18 A I've rendered the advice to, to my clients. I don't
19 believe I did submit anything specific in writing. I mean,
20 notes and other things that I read and the document themselves
21 that I did review --

22 Q So, you did not prepare, you did not prepare a legal
23 memorandum?

24 A No, sir. I don't believe I did.

25 Q Did you prepare a -- any document which memorializes

1 the advice that you gave? Contemporaneously, did you prepare
2 any document which memorializes the advice you gave them?

3 A I believe I sent a copy of the Report and Order. I
4 mean, it said, you know, here's a copy of the Report and Order
5 upon which I believe this works. I may have sent a document
6 like this.

7 Q Did you prep-- did you memorialize your advice in
8 any document other than -- any other document?

9 A Well, I mean, the way that I dealt with the issue is
10 in the contract that was put together for Odessa, I provided a
11 specific provision under which this was addressed and said --

12 Q No, that's not my question. I'm asking you --

13 A But I'm trying to answer. I mean -- yes, that's
14 what I did. That's the kind of writing that I did on it. I
15 didn't do a specific brief or anything along those lines and
16 send it to the client and say here's why it works.

17 Q Did you prepare any, any analysis for your -- which
18 was not sent to the client?

19 A Notes if -- I, I mean, I read the material and made
20 an evaluation and there -- whatever I read and reviewed at the
21 time is what I read and reviewed at the time. I don't --

22 Q Did you --

23 A I produced lots of things. And if there's something
24 specific in there --

25 Q Did you consult --

1 A -- that --

2 Q Did you consult with any other attorney other than
3 your, your partner in connection with rendering the advice
4 which you have described this, this morning?

5 A No, sir.

6 Q Did you consult with any authority other than the
7 authorities that you have described this morning in rendering
8 the advice?

9 A No, sir. Only what I've described to you.

10 Q Let's -- I'd like to turn now to paragraph 24 --
11 paragraph 26, rather, of your testimony. And then I have
12 referenced to the discussions you had primarily with Alan
13 Glasser and with Roy Stewart in -- which are referenced in
14 paragraph 26. Read that -- read paragraph 26 to yourself. Do
15 you see that?

16 A Yes, sir.

17 Q Now, you testify in your written testimony, "I even
18 mentioned that Mrs. Duff was an employee of TBN." And, and
19 you mentioned that, I take it, to Alan Glasser. That's --

20 A Yes.

21 Q -- what you're testifying to. Is that correct?

22 A Yes, sir.

23 Q And why did you tell that to Mr. Glasser?

24 A Because I had a number of meetings with Mr. Glasser
25 in which he was reviewing the application. Alan had al-- Mr.

1 Glasser had also been the staff attorney for the Commission
2 that dealt with a number of other petitions and materials that
3 had been filed to projects that Dr. Crouch was involved in.
4 And, so, in some sense, I think he, he felt as if he had a
5 pretty good understanding or knew Dr. Crouch and knew the
6 Trinity organization.

7 Q But that's not the question.

8 A Well, I'm, I'm trying to --

9 Q The question is why did you tell that to her? Why
10 did you tell that to him?

11 A Because in our conversations Alan would inquire
12 about things like that. It -- is Trinity going to provide the
13 programming? And -- yes, they're going to provide program-
14 ming. And in that context of the exchange that occurred, it
15 even came up that Mrs. Duff was going to be an employee.
16 Now --

17 Q You told him that?

18 A Yes. I mean, was an employee of TBN.

19 Q Did you volunteer that or did he ask you?

20 A I, I honestly don't recall whether it just was
21 voluntary or whether it was responsive to some inquiry.

22 Q The question that I put to you is: if you told Alan
23 Glasser that Mrs. Duff was an employee of TBN, why didn't you
24 tell him the facts that are set forth in paragraph 24 of your
25 testimony concerning the relationship of NMTV to TBN?

1 A Well, I think a number of them were discussed with
2 Mr. Glasser.

3 Q Well, let's go through that.

4 A Well, for example, that programming would be pro-
5 vided by TBN to NMTV.

6 Q Did you tell Mr. Glasser that TBN was going to
7 provide NMTV an open line of credit?

8 A I, I indicated that the certification and the appli-
9 cation was based on loans that would be coming from TBN.

10 Q Did --

11 A I don't believe that we then got into the question
12 about the mechanics of that, but that the certification and
13 the application was provided along those lines.

14 Q But you didn't tell him that, that TBN was to pro-
15 vide an open line of credit for NMTV?

16 A I don't -- no, sir, I don't believe so.

17 Q And did you tell Alan Glasser that TBN was going to
18 provide NMTV with business and accounting services such as
19 accounts payable and payroll processing?

20 A No, sir. That never -- no, sir. That didn't come
21 up.

22 Q And did you tell Alan Glasser that NMTV was to use
23 and have access to TBN's employees to aid in engineering
24 matters, station and studio construction and FCC applications?

25 A I, I don't, I don't know that that came up either.

1 No, sir, I don't have any memory of doing that.

2 Q And did you tell Alan Glasser that TBN and its
3 employees were to provide technical and engineering advice and
4 operational and maintenance manuals for NMTV?

5 A I have no memory of that.

6 Q And did you tell them that NMTV and TBN were to
7 share common officers and personnel performing ministerial
8 functions?

9 A Dr. Crouch was disclosed. I, I don't know that the
10 question of officers came up and I know that in my testimony I
11 acknowledge that in fact there were two assistant-secretaries
12 that I had neglected to put into the application.

13 Q And did you tell Alan Glasser that NMTV and TBN had
14 similar insurance and benefit plans?

15 A I don't believe there were any insurance or benefit
16 plans at the time.

17 Q As of the time you spoke with Alan Glasser, did you
18 tell him how much money NMTV owed TBN?

19 A No, sir. I don't believe that came up. It was --
20 the financial question was in the context of the certification
21 that was in the 314 application.

22 Q Now, did you advise the Commission staff while the
23 Odessa Application was pending of the information set forth in
24 paragraph 24 of your testimony?

25 A Well, other than how you and I just went through it.

1 In some instances yes, and in other instances no.

2 Q Now, was the information set forth in paragraph 24
3 of your testimony supplied to the Commission prior to the
4 Commission's letter to NMTV dated March 30, 1992, and I can
5 get you that letter? This is in evidence, Mr. May. This is
6 the, this is the letter to NMTV dated March 30, 1992.

7 JUDGE CHACHKIN: What exhibit number is that?

8 MR. COHEN: 219, Your Honor.

9 JUDGE CHACHKIN: Is that Bureau Exhibit 219 or --

10 MR. COHEN: No, it's Glendale.

11 JUDGE CHACHKIN: Glendale Exhibit 219. All right.

12 BY MR. COHEN:

13 Q And my question is: was the information set forth
14 in paragraph 24 of your testimony supplied to the Commission
15 prior to the time the Commission wrote NMTV on March 30, 1992?

16 A Yes, portions of it were. Yes, sir.

17 Q Would you -- I want to be, I want to be fair to you.
18 Please, please state for the record what portions of, of the
19 information had been provided to the Commission prior to March
20 30, 1992.

21 A Well, I, I mean, I just --

22 Q And why don't you go through your testimony and tell
23 me which -- what had been supplied to the Commission.

24 A You want me to work off paragraph 24?

25 Q I think that would be the quickest way to proceed,

1 but if you want to -- let's start with that, and then --

2 A Well, for example, the programs. In meetings with
3 Mr. Glasser at the time the Odessa Application was being
4 processed, the conversation of programs did come up --

5 Q You mean --

6 A -- and I indicated that, that there were programs to
7 be provided. In addition, the --

8 Q When, when you say programs --

9 A You, you --

10 Q -- are you talking about the, are you talking about
11 the programming at TBN to be carried over the Odessa station?
12 Is that what you mean by programs?

13 A Yes.

14 Q Yes.

15 A That, that this NMTV organization was going to be
16 carrying in Odessa Trinity programs.

17 Q Okay. So, you did tell that -- that wasn't -- you,
18 you told that to Mr. Glasser? Very --

19 A Yes, sir.

20 Q -- well. Okay.

21 A And in, and in addition, the Odessa Application did
22 reference the previous Translator applications that Translator
23 TV, now National Minority, had submitted. In those applica-
24 tions, it was shown that they were going to retranslate the
25 satellite signal of the Trinity Broadcasting Network --

1 Q All right. I'm, I'm satisfied on the programming.

2 A Okay.

3 Q Now, let's go on.

4 A Okay. There was also program affiliations which I
5 believe were -- well --

6 Q Well, let's do it this way, and then you --

7 A -- it may have been submitted to the Commission --

8 Q Let's do it this way. Let's --

9 A -- prior to this March -- I, I'm trying to do what
10 you asked me.

11 Q I know. Let -- I'm going to try to be more helpful
12 so we can do this quicker so we can get you out of here. So,
13 what you're testim-- you're testifying is that prior to March
14 30, 1992, the Commission had been advised that NMTV was to
15 have a program or had a Program Affiliation Agreement with
16 TBN? That's your testimony?

17 A That programming from Trinity would be carried on
18 the Odessa station. I, I'm -- I don't want to say the word
19 Program Affiliation Agreement per se.

20 Q Okay. I'll accept that. Now, had it been provided
21 to the Commission prior to March 19--

22 A Well, let me say this, though, that, that prior to
23 March 30, '92, I believe copies of the Affiliation Agreements
24 had been submitted to the Commission.

25 Q I'll accept that.

1 A All right.

2 Q Now, had it, had it been provided to the Commission
3 prior to March 19-- March 30, 1992, that TBN was to advance
4 loans and provide an open line of credit for NMTV?

5 A The -- again, based on the conversations I had with
6 Mr. Glasser, that the certification in the Odessa Application
7 was based on a commitment from Trinity to NMTV. And, in
8 addition, to the extent that the Odessa Application did refer
9 to the previous applications for translator stations filed,
10 those financial agreements between Trinity and NMTV were
11 disclosed.

12 Q But was the Commission ever informed prior to March
13 19-- March 30, 1992, that Trinity was going to provide an open
14 line of credit for NMTV?

15 A I, I, I don't believe that they were.

16 Q Prior to March 30, 1992, was the Commission ever
17 informed that TBN was to provide NMTV with business and ac-
18 counting services such as accounts payable and payroll
19 processing?

20 A I don't, I don't believe so.

21 Q Prior to March 1930-- 19-- March 30, 1992, had the
22 Commission been informed that TBN -- NMTV, rather, was to use
23 and have access to TBN employees to aid in engineering mat-
24 ters, station and studio construction, and FCC applications?

25 A Here there are a number of instances in which

1 applications that were submitted by National Minority showed
2 that their technical consultants or that engineers who had
3 worked in connection with the application were also the same
4 individuals who had done similar functions on behalf of TBN.

5 Q For example, Warren Miller?

6 A Yes. For example, Ben Miller.

7 Q Had it ever been disclosed --

8 A And, for example, Kevin Fisher from Smith and
9 Powstenko.

10 Q Let's talk about Ben Miller. There are applications
11 in evidence in this proceeding where Warren Miller prepared
12 the engineering portion of the application and he identified
13 himself in one instance as a technical consultant and in
14 another instance he identified himself, identified himself as
15 consulting engineer. And I can find those documents for you;
16 accept that as a fact. Was it ever disclosed to the
17 Commission prior to March 30, 1992, what activities Mr. Miller
18 -- or what services, rather, Mr. Miller provided for NMTV?

19 A Well, I mean, again, in the engineering portions of
20 the applications filed by NMTV that he worked on, then in that
21 sense yes, they were told that he had done this work.

22 Q I am going -- I, I understand that. But my question
23 is, is not that. It's a different one. Was the Commission
24 ever informed what services Mr. Miller had provided for NMTV
25 other than preparing applications which were filed with the

1 Commission?

2 A I don't, I don't recall if it was.

3 Q Now, Kevin Fisher is a consulting engineer. Kevin
4 Fisher is not a TBN employee. Am I correct?

5 A Yes. He's a consulting engineer here in Washington,
6 D. C.

7 Q And, so, prior to March 30, 1992, was it ever re-
8 ported to the Commission that TBN and its employees provided
9 technical and engineering advice and operational and mainte-
10 nance manuals for NMTV?

11 A I mean, other than in the context of the engineering
12 portion of applications filed, I don't believe so.

13 Q And was it ever reported to the Commission prior to
14 March 30, 1992, that NMTV and TBN shared personnel performing
15 ministerial functions?

16 A Other than the, the involvement of Dr. Crouch and
17 Mrs. Duff and then in other context and other NMTV filings, as
18 well as TBN filings and for other organizations, the fact that
19 there were common officers as between those multiple compa-
20 nies. I mean, in other words, there was disclosure that there
21 were common officers between the companies.

22 Q I accept that.

23 A And that in that extent that there were these per-
24 sonnel that were common as between the companies.

25 Q Would you turn to paragraph 28, please. Now, I want

1 to ask you to please read the paragraph to yourself, and I
2 have a few questions about it.

3 (Off the record.)

4 (On the record.)

5 MR. COHEN: We're going to start a -- this is a new
6 area.

7 JUDGE CHACHKIN: All right. We'll be in recess till
8 1:30.

9 (Whereupon, at 12:25 p.m. the hearing was in recess
10 until 1:30 p.m.)

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A F T E R N O O N S E S S I O N

JUDGE CHACHKIN: Mr. Cohen?

MR. COHEN: Yes.

BY MR. COHEN:

Q Would you turn to page -- to paragraph 28 of your testimony, Mr. May? I just have a very few more questions.

A Yes, sir, I have.

Q Okay. And I'll -- read it to yourself and tell me when you have read it.

A Yes, sir. I read it.

Q Now, the first sentence talks about advice that you gave to NMTV and Mrs. Duff. And when did you give the advice that's referred to in the first sentence, Mr. May?

A Contemporaneous with the time in which the Odessa materials were being gathered in the Odessa Application.

Q At the time of the Odessa Application being filed, do you, do you recall approximately how much money TBN had advanced to NMTV?

A No, sir.

Q Let me ask you this question, Mr. May. In light of the relationship between TBN and NMTV that set forth at paragraph 24 of your testimony which I asked you about this morning, and, and read paragraph 24 before you answer my question if you need to, in light of that relationship which is set forth in paragraph 24, did you believe that the ability of the

1 NMTV Board to change its relationship with TBN and Paul Crouch
2 was anything more than a theoretical possibility?

3 A It was a real power that the Board of Directors had,
4 so I don't think it's theoretical. I mean, that's the essence
5 of it, that they had the power to do this.

6 Q And whether they were likely to do it or not is --
7 was not significant? It's whether they had legal power to do
8 it, is that your point?

9 A Yes, sir. Yeah, yeah, if I understand your question
10 correctly.

11 Q Well, my question is that you gave no considera--
12 you gave no consideration to whether the NMTV Board was likely
13 to change its relationship or change NMTV's relationship with
14 Dr. Crouch and TBN? Is that correct?

15 A I guess I dealt with it the way it was. I mean,
16 likely, unlikely, I didn't really consider that.

17 Q Well, it's your testimony that the Board had the
18 legal power to change its relationship with TBN. Is that
19 correct?

20 A Yes, sir.

21 Q Okay. Now, I ask you again, did you give any, give
22 any consideration to whether the Board was likely to exercise
23 that legal power?

24 A I, I, I guess I never really thought about it, the
25 fact they could do it.

1 Q Now, I take it, then, that you gave no consideration
2 to the factors set forth -- strike that. I take it you gave
3 no consideration to the information set forth in paragraph 24
4 concerning TBN's relationship with NMTV in terms of the --
5 strike that.

6 I'm going to turn to a different subject. Do you
7 know if a portion of the loans to NMTV by TBN have been
8 excused?

9 A I believe so, yes.

10 Q What's the basis for your testimony?

11 A The Trinity organization has regularly forgiven
12 portions of loans that are owed to it by other public chari-
13 ties and I don't know that they've ever excluded anybody from
14 doing that in that process. I, I believe in that context that
15 NMTV has had portions that have been forgiven.

16 Q Do you know -- do you, do you have any idea of how
17 much, how much of NMTV's debt has been forgiven by Trinity?

18 A No, sir.

19 Q Did you ever see a document that reflected NMTV's
20 being, being forgiven part of its debt?

21 A It's, it's possible, Mr. Cohen. I guess I just
22 don't recall now. I mean, there may have been a minute of the
23 Trinity Broadcasting Network that I saw that may have reflect-
24 ed that.

25 MR. COHEN: Let me show you the document, if I can

1 find it. I want to show you -- in fact, Mr. Topel, would you
2 show this to the witness? I think it would be more appro-
3 priate. Joint Exhibit 1, the stipulation. Page 27 is what
4 I'd like you to put before the witness.

5 BY MR. COHEN:

6 Q What Joint, what Joint Exhibit 1 is, Mr. May, I, I
7 think you do know it, but let me just make sure you do, this
8 is the statement by David Scott Morris. You know who Mr.
9 Morris is, of course?

10 A Yes, sir.

11 Q Yes. And you -- you're familiar with the fact that
12 the parties entered into a stipulation concerning Mr. Morris's
13 -- the information that is set forth in Joint Exhibit 1, and
14 you -- you're aware of that, I take it?

15 A Yes, sir.

16 Q Yeah. Okay. All I want to ask you about now is
17 the, is the last sentence on page 27. Would you read that
18 into the record?

19 A It says, "There is no record of TBN forgiving any
20 portion of the NMTV indebtedness at any time since TBN's
21 assumption of NMTV's assets and liabilities, i.e., at the time
22 -- at any time since 1987."

23 Q Since February '87?

24 A Yes, sir.

25 Q Is, is that statement by Mr. Morris consistent with

1 your knowledge?

2 A I guess it is, yes, sir. I believe it is.

3 Q Well, when you said that you thought -- strike that.
4 When you, when you testified earlier that TBN had forgiven a
5 portion of NMTV's indebtedness, is that statement consistent
6 with the sentence that you read into the record?

7 A No. I -- you asked me did I recall, and it seems to
8 me that, that there have been a number of instances in which
9 TBN has done that, and I may just simply be confusing its
10 forgiveness of debts to others and thinking that NMTV was one
11 of those.

12 Q Now, since the time this proceeding was designated
13 for hearing, which occurred on -- occurred in April of 1993,
14 has -- to your knowledge, has TBN or NMTV changed any of its
15 operating practices?

16 A I'm not -- I mean, operating practices is pretty
17 broad. If I could try to respond by being specific. I want
18 to answer the question. I mean, I think that there have been
19 instances in which program changes have been made. I think
20 some programming has come on-line.

21 Q All right. Let me ask you the question a different
22 way. Your, your point is well-taken. Has -- since the desig-
23 nation order was released, has TBN's relationship to NMTV
24 changed in any way?

25 A I think it's still fundamentally and probably mostly

1 intact. I mean, there may be some instances --

2 Q Well, what changes have occurred?

3 A Well, for example, the, the programming that is
4 provided through the affiliation -- or the programming that
5 the station may be taking. There may have been some --

6 JUDGE CHACHKIN: If you don't know, why don't you
7 just say so instead of trying to speculate? It may have been.
8 Just say if you know or you don't know. I mean, you're not an
9 official of the, of the companies. You don't work there. So,
10 if you don't know what the facts are, just state it.

11 MR. MAY: I, I --

12 JUDGE CHACHKIN: We can move along.

13 MR. MAY: I guess the answer is I don't know any,
14 beyond what I've described about --

15 MR. COHEN: Thank --

16 MR. MAY: -- programming.

17 MR. COHEN: Thank you. I have no further questions,
18 Your Honor.

19 JUDGE CHACHKIN: The Bureau have cross-examination?

20 MR. SCHONMAN: Yes, sir. If I could just have one
21 moment?

22 JUDGE CHACHKIN: Yes. We'll go off the record for a
23 moment.

24 (Off the record. Back on the record.)

25 JUDGE CHACHKIN: Mr. Schonman?

1 MR. SCHONMAN: Thank you, Your Honor.

2 CROSS-EXAMINATION

3 BY MR. SCHONMAN:

4 Q Mr. May, I'd like to talk to you initially about
5 your law firm's representation generally of clients. Would
6 you consider TBN to be a, a major client or an important
7 client of your law firm?

8 A Yes, sir.

9 Q Now, the -- when you indicate that it's important or
10 major, do you mean in terms of billing, billable hours, in
11 terms of revenues for your firm? How are you using that term?

12 A It includes the revenue billings that are office
13 generates, but it also goes further than that because I do
14 feel that we have a, a rapport or relationship that goes to
15 the -- I mean, do -- we have a friendship. We, we know one
16 another and like one another.

17 Q How, how does that friendship manifest itself? How
18 does this go beyond the attorney-client relationship, if, if
19 at all?

20 A I suppose that because I'll know about kids' birth-
21 days and, you know, somebody's sickness or, you know, some-
22 thing along those lines. There's a very personal intimacy
23 there that I feel. In that sense, I think it's important to
24 me.

25 Q In terms of the importance that the firm plays in,

1 in the revenues that your firm derives from, from servicing
2 TBN, would it be your opinion that TBN is, is your law firm's
3 major client, or just one among several major clients?

4 A I think for purposes of billing they are probably
5 the largest -- we probably bill more to them than we do to any
6 other single client of our office. We do have other clients
7 we certainly regard as being major or important, however.

8 Q Every client, I assume, is important.

9 A We like to, we like to think so.

10 Q Has, has TBN always been a, a major or important
11 client of your law firm?

12 A Yes, it has.

13 Q From its inception, the inception of your law firm?

14 A Yes, sir.

15 Q Does your law firm represent other nonprofit
16 corporations?

17 A Yes, sir.

18 Q Would that include Oceana, for example?

19 A Yes, sir.

20 Q Does your law firm also, also represent for-profit
21 corporations?

22 A Yes, sir.

23 Q Does your law firm represent any corporations that
24 have subsidiary corporations?

25 A Not that I can -- no, sir, not that I can recall. I

1 mean -- I suppose other than the, the extent that there may be
2 a subsidiary concept in the world of nonprofits as it relates
3 to the Trinity Broadcasting Network, and then Trinity
4 Broadcasting of Arizona or Trinity Broadcasting of Florida.
5 Some people think of that in terms of being subsidiaries, if
6 you will. But not a for-profit company, to which I think that
7 term really accurately applies.

8 Q All right. Well, let, let's explore this, this
9 matter a little further. In terms of the for-profit universe,
10 does your firm represent corporations that have, in a strict
11 legal sense, subsidiary corporations?

12 A I can't recall any.

13 Q Now, how would you differentiate the TBN situation
14 from a corporate subsidiary type relationship?

15 A Well, my understanding is that the corporate sub-
16 sidiary in the for-profit world rests upon the ownership of
17 stock, as it were, the equity of the company, and that the,
18 the right use of the word is that if a for-profit company owns
19 the majority of the stock of another company, then that compa-
20 ny is essentially a subsidiary of the company.

21 In the world of nonprofit, it's -- you can't speak
22 in those same terms because there is not the same clearly
23 divisible equity ownership as is represented by, by shares of
24 stock. So, that's how I would make the division, and that's
25 why it's not an easy -- I mean, I guess it wouldn't be correct

1 | legally to say that in the nonprofit world you have
2 | "subsidiaries."

3 | Q All right. Well, in, in, in terms of TBN and TBN of
4 | Arizona, TBN of Florida -- I'm sorry, Trinity Broadcasting of
5 | Florida, Trinity Broadcasting of Arizona, how would you char-
6 | acterize that relationship? If, if those companies are not
7 | subsidiaries of TBN, how would you characterize their rela-
8 | tionship to TBN?

9 | A I guess the best way would just be they're related
10 | or affiliated. I mean, they're stand-alone companies in their
11 | own right and the best I can describe to you is that it's
12 | affiliate, associated.

13 | Q Stand-alone in that they have their own By-Laws and
14 | own Articles of Incorporation?

15 | A Yes. And in all states of incorporation, it would
16 | not necessarily be the same as the Trinity Broadcasting
17 | Network.

18 | Q And by that you would conclude that they're stand-
19 | alone?

20 | A Yes, sir.

21 | Q All right. And your basis for concluding that
22 | they're stand-alone is that they would have their own
23 | Articles, their own By-Laws? I mean, is that the cri-- the
24 | criteria that you're using in determining whether they are
25 | standing alone or not?